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GOVERNMENT PROGRAM AND COMMERCIAL EXPORTS
IN CALENDAR YEAR 1963

by

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Eleanor N. DeBlois 1/

U.S. exports of agricultural commodities reached a record \$5,584 million (preliminary) in calendar year 1963, \$550 million above 1962 and \$2,185 million above 1955, the first calendar year during which shipments were made under P.L. 480. About \$450 million of the increase over 1962 was in dollar sales and nearly \$100 million consisted of increased exports under Government-financed programs.

Government Program Exports

Exports under Government programs, nearly all under P.L. 480, were at a calendar year high of \$1,631 million, surpassed only by fiscal year 1962, when program shipments totaled \$1,660 million. Exports for foreign currencies under Title I reached an alltime record of \$1,151.5 million, \$155 million above 1962. The previous calendar year high for Title I shipments was \$1,016 million in 1960 and the highest prior fiscal year total was \$1,079 million in the year ended June 30, 1963. Title I shipments through December 30, 1963, totaled \$7,191 million, 18 percent of the \$40 billion total of farm product exports during the 9 calendar years 1955-63 and more than one-half of all program shipments during the 9-year period (table 3).

The rise of \$155 million in Title I exports in 1963 compared with the prior year was due almost entirely to increased exports of wheat and flour. Decreases in shipments of feed grains, rice, cotton, vegetable oils, and fruits were offset by increases in exports of tobacco, dairy products, animal fats, poultry, and dry edible beans. Of the 28 countries which received shipments under Title I, nearly 90 percent of the total went to the following 10 countries: India, Pakistan, United Arab Republic-Egypt, Republic of Korea, Yugoslavia, Turkey, Brazil, Indonesia, Poland, and Taiwan (Formosa). Exports of wheat and flour to India, Pakistan, United Arab Republic-Egypt, Yugoslavia, Brazil, Republic of Korea, Poland, Turkey, and Taiwan (Formosa) accounted for over 90 percent of Title I shipments of this commodity.

1/ International Economist, Trade Statistics and Analysis Branch, Development and Trade Analysis Division, ERS.

Table 3.--U.S. exports under specified Government-financed programs, exports outside specified Government-financed programs, and total agricultural exports: Value and percent of total, calendar years 1955 through 1963

Type of export	1955	1956	1957	1958	1959	1960	1961	1962	1963	1955 through 1963
	-- Million dollars --									
Public Law 480:										
Title I, sales for foreign										
currency.....	263	638	762	753	732	1,016	879	997	1,151	7,191
Title II, disaster relief.....	121	102	71	84	56	79	195	143	174	1,025
Title III, donations.....	188	186	166	159	107	122	155	178	169	1,430
Title III, barter.....	262	372	244	65	176	118	182	137	75	1,631
Title IV, long-term supply and										
dollar credit sales.....	---	---	---	---	---	---	1	42	51	94
Total Public Law 480.....	834	1,298	1,243	1,061	1,071	1,335	1,412	1,497	1,620	11,371
Mutual Security (AID), Secs. 402										
and 550, sales for foreign										
currency and economic aid 2/...	351	449	318	214	158	157	179	35	11	1,872
Total exports under specified										
Government-financed programs...	1,185	1,747	1,561	1,275	1,229	1,492	1,591	1,532	1,631	13,243
Total exports outside specified										
Government-financed programs 3/	2,014	2,423	2,945	2,580	2,726	3,340	3,433	3,502	3,953	26,916
Total agricultural exports.....	3,199	4,170	4,506	3,855	3,955	4,832	5,024	5,034	5,584	40,159
	-- Percent --									
Public Law 480:										
Title I, sales for foreign										
currency.....	8	15	17	19	19	21	17	20	21	18
Title II, disaster relief.....	4	2	2	2	1	2	4	3	3	2
Title III, donations.....	6	5	4	4	3	3	3	3	3	4
Title III, barter.....	8	9	5	2	4	2	4	2	1	4
Title IV, long-term supply and										
dollar credit sales.....	---	---	---	---	---	---	4/	1	1	4/
Total Public Law 480..	26	31	28	27	27	28	28	29	29	28
Mutual Security (AID), Secs. 402										
and 550, sales for foreign										
currency and economic aid.....	11	11	7	6	4	3	4	1	4/	5
Total exports under specified										
Government-financed programs..	37	42	35	33	31	31	32	30	29	33
Total exports outside specified										
Government-financed programs...	63	58	65	67	69	69	68	70	71	67
Total agricultural exports.....	100	100	100	100	100	100	100	100	100	100

1/ The addition of \$22 million shipments under the barter program in July-December 1954 brings the total of shipments under this program since the beginning of P.L. 480 to \$1,649 million.

2/ Values shown are disbursements for exports.

3/ Exports "outside specified Government programs" (sales for dollars) include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) extension of credit for relatively short periods, (2) sales of Government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.

4/ Less than $\frac{1}{2}$ percent.

Donations under Title II totaled \$174.4 million (CCC cost), over \$30 million above 1962, second only to the high of \$195 million in calendar year 1961 and only slightly below the highest fiscal year total of \$176 million in 1961-62. Exports under this program have totaled \$1,025 million since the beginning of the program, 2 percent of total exports, and 8 percent of program exports during the 9 calendar years 1955-63.

Exports of wheat and flour were over \$40 million above those of 1962. Shipments of bulgur and rolled wheat, vegetable oils, and dairy products increased. Feed grain shipments fell by over \$30 million and cornmeal, rice, and dry edible bean exports decreased by smaller amounts. More than four-fifths of the shipments reported under Title II during 1963 went to 9 recipients: Algeria, Morocco, Pakistan, United Nations Relief and Works Agency (UNRWA) for the relief of Palestine refugees, Tunisia, Viet-Nam, Republic of Korea, Jordan, and Iran.

Through December 31, 1963, \$1.3 billion (CCC cost) was programed under Title II, of which 58 percent was for disaster relief, 11 percent for child feeding, 9 percent for refugee relief, 2 percent for voluntary agencies, 18 percent for economic development, and 2 percent for other uses.

The above totals include \$9.6 million (CCC cost) programed as part of the U.S. contribution to the World Food Program established by the United Nations and the Food and Agriculture Organization (FAO) of the United Nations (UN) in April 1962. The program is operating on an experimental basis for 3 years beginning January 1963. Its purpose is to clarify the extent and manner to which food aid can be used on a multilateral basis in the developing countries to stimulate economic and social development, assist in pre-school and school feeding, and meet emergency needs. The World Food Program is financed by contributions on a voluntary basis by UN and FAO member countries. As of December 31, 1963, 60 countries had pledged the equivalent of about \$91 million of an original goal of \$100 million. The United States pledged commodities equivalent to \$40 million at world market value and \$10 million in cash and shipping services. The U.S. contribution was undertaken under the authority of Title II. Although World Food Program credits are on the basis of world market value, the contributions are charged to Title II on the basis of CCC cost.

Reports of shipments under the World Food Program, which are included with Title II shipments in the accompanying reports, show that on the basis of invoices received through December 31, 1963, shipments of corn and soybean oil have been made to Indonesia, wheat to Morocco, cottonseed oil to Sarawak, grain sorghums to Tanganyika, and wheat flour to Tobago.

Donations through U.S. voluntary relief agencies and international organizations under Title III are estimated at \$168.5 million (export value) during calendar year 1963, \$10 million below a year earlier. Exports under this program have totaled \$1,430 million (export value) since the beginning of P.L. 480, 4 percent of total agricultural exports, and 11 percent of program shipments.

Vegetable oil donations during 1963 were less than a third of those of 1962. Because of the sizable inventory of butter and butteroil in CCC stocks and the high storage cost of these products, the requirements for fats and

oils under the Title III donations program were largely met with butter, butter-oil, and ghee in 1963. Donations of butteroil and ghee in 1963 totaled 74.2 million pounds (\$26.0 million) compared with 14.3 million pounds (\$5.0 million) in 1962. Shipments of cheese and butter were also considerably higher in 1963. Donations of nonfat dry milk continued at the same high level of about 550 million pounds (\$43.0 million) during both years.

Children are the principal beneficiaries of the foreign donations program. Nonfat dry milk, the most popular commodity, is distributed in all but two of the 113 recipient countries. Wheat, flour, bulgur and rolled wheat, and corn and cornmeal are principally processed abroad into bread, biscuits, rolls, noodles, and other products before distribution to recipients. Wheat and corn were donated for family use primarily in 12 foreign countries where it is the custom for recipients to process such grains at home.

Stocks of Title III food in areas in which emergencies have occurred or in neighboring areas have been extended by U.S. voluntary agencies for emergency relief purposes, including assistance for victims of floods, famine, drought, windstorms, and crop failure.

Shipments under the barter program fell \$63 million from those of a year earlier. The largest decreases were in feed grains (especially corn and grain sorghums) and tobacco. Export sales of upland cotton from CCC stocks on a competitive bid basis, announced on March 29, 1963, were extended on July 31, 1963, to sales for export under the barter and credit sales programs. During July-December 1963 shipments of cotton under the barter program totaled \$8.9 million.

The barter program reached its peak in fiscal year 1957 when exports reached approximately \$400 million. The calendar year record high for barter program exports was \$372 million in 1956. The modification of the program in May 1957 resulted in the prohibition of barter exports to countries that were in excellent external financial position and tighter export restrictions for countries having a good financial position and those that are usually net exporters of the commodity involved. Following these program modifications and restrictions, exports under the barter program averaged about \$150 million per year.

The level of exports in calendar year 1963 reflects the lack of activity during the period prior to the announcement of the new program in February 1963, when the barter program was undergoing a review for improvement and expansion of certain phases of barter activities. Exports under the barter program totaled \$1,649 million through December 31, 1963, (\$22 million during July-December 1954, and \$1,631 million during the 9 calendar years, 1955-63), 4 percent of total agricultural exports, and 12 percent of program shipments.

Title III of P.L. 480 and the Commodity Credit Corporation (CCC) Charter Act authorize CCC to barter agricultural commodities for strategic materials for the supplemental stockpile and for items, goods, equipment, and services required abroad by other U.S. Government agencies. Prior to the announcement of a new barter program on February 13, 1963, the emphasis was on the exchange of CCC's agricultural commodities for strategic materials for stockpile. However, in

accordance with the new barter program policy, the emphasis has shifted to offshore barter procurement for other Federal agencies, mostly to supply the Department of Defense and the Agency for International Development.

Program activity has increased substantially since the revised barter policies were announced. Contracts negotiated during calendar year 1963 totaled \$141.5 million, of which \$61.5 million represent barter procurement of materials and services that U.S. Government agencies would normally purchase abroad for dollars. In contrast, contracts negotiated during calendar year 1962 totaled \$77.4 million, of which \$11.7 million represented procurement for U.S. Government agencies.

In June 1963 a record-breaking agreement was signed for the barter of cotton and possibly other agricultural commodities in exchange for strategic materials from India. Up to 300,000 bales of cotton will be exchanged for materials valued at approximately \$40 million.

Exports under Title IV, long-term supply and dollar credit sales agreements, totaled \$50.9 million during calendar year 1963 compared with \$42 million a year earlier. Exports of wheat were smaller in 1963, but shipments of most other commodities increased. Since shipments began under this program during the last quarter of 1961, agricultural commodities exported under the program through December 1963, have totaled \$94 million.

Since the first agreement was signed on August 21, 1961, through December 1963, a total of 33 agreements and amendments have been signed with the governments of 17 foreign countries. Agreements signed, as modified by purchase authorization transactions, provide for export financing of surplus agricultural commodities with an export market value of \$161.9 million, plus ocean transportation amounting to \$14.9 million. Agreements concluded under this title involve supply periods extending over a number of years.

During 1963 the Department issued policies and procedures for implementing the 1962 amendments to Title IV, which authorize the Secretary of Agriculture to enter into long-term dollar credit sales agreements with U.S. and foreign private trade entities. No private trade agreements were concluded through December 1963, but applications totaling over \$100 million at market value were being considered.

Commercial Exports

Commercial exports of agricultural commodities for dollars in 1963 totaled \$3,953 million, a level unsurpassed by any previous calendar or fiscal year. They were approximately \$450 million above dollar sales a year earlier. Table 4 shows by commodity groups Government program exports, commercial sales for dollars, and total agricultural exports for 1963 compared with 1962.

Credit sales programs. Credit sales in calendar year 1963 were at a record level of \$194 million compared with \$147 million in 1962 (table 5). All of the increase was in purchases under the CCC credit sales program which rose to \$116.8 million from \$64 million a year earlier. Purchases under this program during 1963 were 56 percent of the total of \$207 million purchased since the

Table 4.--Exports under specified Government-financed programs, commercial sales for dollars, and total agricultural exports: Value by commodity, calendar year 1963 compared with 1962

Commodity	Exports under			Commercial			Total agricultural		
	Govt.-financed programs			sales for dollars 1/			exports		
	1962	1963	Change	1962	1963	Change	1962	1963	Change
	Million dollars			Million dollars			Million dollars		
Wheat and wheat flour...	799.4	970.8	+171.4:	336 0	358.7	+ 22.7:	1,135.4	1,329.5	+194.1
Feed grains, excl. products.....	155.2	73.7	- 81.5:	632.8	720.2	+ 87.4:	788.0	793.9	+ 5.9
Rice, milled.....	88.2	86.0	- 2.2:	64.5	90.2	+ 25.7:	152.7	176.2	+ 23.5
Cotton.....	155.8	156.8	+ 1.0:	372.1	419.6	+ 47.5:	527.9	576.4	+ 48.5
Tobacco, unmanufactured:	53.5	36.5	- 17.0:	319.9	366.6	+ 46.7:	373.4	403.1	+ 29.7
Oilseeds and products...	145.7	108.1	- 37.6:	618.0	719.0	+101.0:	2,763.7	2,827.1	+ 63.4
Dairy products.....	77.5	130.0	+ 52.5:	59.6	83.6	+ 24.0:	3,137.1	3,213.6	+ 76.5
Animals and products except dairy.....	21.7	28.3	+ 6.6:	437.7	466.9	+ 29.2:	459.4	495.2	+ 35.8
Fruits and preparations:	.3	.1	- .2:	285.2	276.1	- 9.1:	285.5	276.2	- 9.3
Vegetables and preparations.....	7.6	1.7	- 5.9:	141.0	171.0	+ 30.0:	148.6	172.7	+ 24.1
Other.....	27.6	38.9	+ 11.3:	234.8	281.1	+ 46.3:	262.4	320.0	+ 57.6
Total agricultural exports.....	1,532.5	1,630.9	+ 98.4:	3,501.6	3,953.0	+451.4:	5,034.1	5,583.9	+549.8

1/ Exports outside Government-financed programs. 2/ Total exports of oilseeds and products include the estimated value of donations of vegetable oils under Title III, P.L. 480, not separately exported by the Bureau of the Census, as follows: 1962, \$38.5 million and 1963, \$11.2 million. 3/ Total exports of dairy products include the estimated value of donations of butter and butteroil under Title III, P.L. 480, not separately reported by the Bureau of the Census, as follows: 1962, \$6.4 million and 1963, \$32.4 million.

Table 5.--Credit sales of agricultural commodities, value by commodity, calendar year 1963 1/

Commodity	Export-Import:	CCC	Total
	: Bank Loans :	: credit :	: credit
	: 2/ : sales 3/ :	: sales :	: sales
	-- Million dollars --		
Wheat.....	---	25.7	25.7
Corn.....	3.6	27.7	31.3
Grain sorghums.....	---	29.2	29.2
Barley.....	---	4.0	4.0
Cotton.....	73.6	21.4	95.0
Tobacco.....	---	8.8	8.8
Total.....	77.2	116.8	194.0

1/ Credits for relatively short periods repayable in dollars plus interest (covering the financing costs of the lending agency).

2/ Includes disbursements by U.S. commercial banks under Export-Import Bank medium-term guarantees against political and/or financial risk.

3/ Purchases during the period.

inception of the program in 1956. Purchases of wheat and grain sorghums in 1963 were, respectively, nearly twice and 5 times those of 1962. Tobacco moved under the program for the first time since 1961.

Export sales of upland cotton from CCC stocks on a competitive bid basis, announced March 29, 1963, were extended on July 31, 1963, to sales for export under the barter and credit sales programs. During July-December 1963, upland cotton totaling \$21.4 million was purchased under the CCC credit sales program, most of which was for export to Japan.

Disbursements under guarantees extended by the Export-Import Bank during 1963 were for cotton totaling \$72.3 million for export to Japan and \$1.3 million to Austria, and \$3.6 million for corn to Hungary. Through December 1963, the Export-Import Bank extended medium-term credit guarantees amounting to \$18.5 million on corn and wheat to be exported to Hungary with a total invoice value of \$23.6 million.

Credit sales are included in "Total agricultural exports outside specified Government programs" in tables 6 and 7.

2/ less than \$5,000.
of \$9.5 million bulgur wheat and \$0.2 million rolled wheat under Title II; \$9.4 million bulgur wheat and \$1.7 million rolled wheat under Title III
ations; and bulgur wheat under Title IV.

7/ Excess of Government program portion over total agricultural exports may be attributed to lags in reporting or to differences in valuation procedures.

Although only fiscal year estimates are made of the extent of export payment assistance to both commercial sales for dollars and to exports under Government-financed programs, export payments in cash and in kind and sales for export from CCC stocks at less than domestic market price continued to be made principally for wheat and flour, cotton, and some dairy products.

The rise in dollar sales of wheat and flour, feed grains, and rice totaled \$135.8 million, 30 percent of the total increase in dollar sales of \$451.4 million in 1963 compared with 1962. Wheat did not begin to move to the USSR until January 1964. During the closing months of 1963, 4,564,000 bushels were exported to Hungary. Nearly 90 percent of the \$194.1 million increase in exports of wheat and flour was in program exports. Shipments under Titles I and II rose \$155.1 million and \$42.5 million, respectively, but were partially offset by smaller decreases in all other programs.

Dollar sales of feed grains in 1963 were \$87.4 million above a year earlier. Program exports were down \$81.5 million. Exports of corn under programs declined \$55 million, grain sorghums \$10 million, and barley \$16 million.

U.S. exports of milled rice were at a record level of \$176.2 million (26.2 million cwt.) in 1963, up \$23.5 million (3.1 million cwt.) from 1962. Sales for dollars increased \$25.7 million and program exports declined \$2.2 million. Exports to Canada increased. Latin American countries took nearly twice as much rice as a year earlier, although they have not regained the volume maintained during the 1950's when Cuba was the largest market for U.S. rice. Shipments to Europe remained at about the same relatively high level as 1962. Asia took nearly one-fifth more rice than during the preceding year -- 60 percent of all U.S. rice exports. Exports to Africa, although 8 percent below the record level of 1962, were more than 4 times average exports to this area in 1956-60.

Nearly all of the rise of \$48.5 million in U.S. exports of cotton in 1963 compared with 1962 was in sales for dollars. Exports of this commodity were heavier in the latter half of the year when shipments were made from CCC stocks sold for export on a competitive bid basis. A decline in production in foreign exporting countries and the relatively low level of stocks in most importing countries contributed to the increase in dollar sales of U.S. cotton.

Dollar exports of unmanufactured tobacco from the United States in 1963 were \$46.7 million above those of the preceding year. U.S. exportable supplies of tobacco included a larger proportion of high-quality leaf in 1963, and stocks in many foreign countries were at relatively low levels. Dollar sales increased more than total exports of this commodity; program exports declined \$17.0 million, due primarily to a decrease in shipments under the barter program.

U.S. dollar sales of oilseeds and products in 1963 rose to \$101.0 million from a year earlier. Exports of soybeans reached an alltime record of \$471.5 million, all but \$5.7 million for dollars. Oilcake and meal shipments were at a high of \$125.0 million, all but \$0.1 million for dollars. Increases in dollar sales of soybeans and cake and meal totaled \$107.2 million. A decline in exports of soybean oil for dollars limited the overall gain.

Exports of dairy products from the United States rose \$76.5 million in 1963 compared with 1962. About two-thirds of the increase was in program shipments and one-third in sales for dollars. Commercial sales of nonfat dry milk increased \$11.0 million and butter exports for dollars rose \$16.3 million. The payment-in-kind programs for milk and for butter, butteroil, ghee, and other products containing 75 percent or more milkfat encouraged exports from commercial stocks, in addition to those sold from Government-owned stocks at less than domestic market prices.

Program exports of nonfat dry milk, condensed and evaporated milk, whole dried milk, butter, butteroil, and cheese were higher in 1963. The largest increase in shipments under programs was in butteroil, which rose \$25.1 million in 1963 due to a substantial increase in Title III donations of this commodity.

U.S. exports of animals and products except dairy rose \$35.8 million above the preceding year. More than 80 percent of the increase, \$29.2 million, was in exports for dollars. Animal fats, oils, and greases (principally lard and tallow) increased \$24.8 million, of which \$5.4 million was under Government programs and \$19.4 million for dollars. Exports of meats and meat products, all dollar sales, increased \$23.0 million. Dollar sales of fresh and frozen poultry and hides and skins declined \$22.3 million and \$7.8 million, respectively.

Dollar exports of fruits and preparations in 1963 were \$9.3 million below those of 1962. The decline in exports of canned fruits was most pronounced, but exports of dried fruits and fruit juices also fell below a year earlier. Although shipments of some fresh fruits decreased, total exports in this category were up \$5.3 million, due principally to a rise in exports of lemons and limes and grapes. Program shipments totaled \$0.1 million.

U.S. dollar exports of vegetables and preparations increased \$30.0 million over 1962, while program exports declined \$5.9 million. Exports in nearly all categories increased, with over half of the increase in dollar sales of dry edible beans.